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#59

EAST EUROPE BRANCH NOTES

1 May 1974

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State Dept. review completed

YUGOSLAVIATito's Trip to Hungary

The most noteworthy news stemming from Tito's two-day visit to Budapest last weekend involves Tito's press conference at which he allegedly mentioned that both sides were concentrating on expanding relations in specific non-economic areas, where "progress has been slower." The text of the conference is not yet available, but he could have been referring to party relations, which the two sides have been discussing. He may also have been referring to a limited expansion of military contacts. In mid-March, a Yugoslav military attache in Budapest hinted that Belgrade was considering the possibility of sending observers to Warsaw Pact exercises.

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The Yugoslav DCM in Budapest commented that Tito had spent 12 hours in discussions with party leader Kadar, President Losonczi and Premier Fock. He said that given his age, Tito's physical condition was phenomenal," adding that Tito had lost weight on doctor's orders.

Meanwhile, the communique summarizing the talks contain the standard language about the "cordial and comradely atmosphere of the talks" and stressed that Hungarian and Yugoslav attitudes were "identical, or close on basic international issues."

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Yugoslav Caution Toward Soviet Credits

Initial reports on the annual meeting of the Yugoslav-Soviet Mixed Economic Commission (which ended on April 29) indicate that Belgrade continues to exercise caution in using the \$540 million credits which Moscow offered in late 1972. Tanjug's report on the session noted that only 16% of the credits have been committed, but it added that "many other" projects will be signed.

In early April, Soviet officials in Belgrade claimed that they were "ready" to sign a "large" number of contracts "as soon as the Yugoslavs could make up their minds." Belgrade's hesitation reflects a number of economic and political reasons. Pricing, technological comparability with Western equipment, servicing problems, and difficulties in raising local cost financing are among the economic concerns. Yugoslav officials are also aware that Moscow might be prone to manipulate the credits in order to gain a political advantage.

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Belgrade, however, needs the credits, and will probably  
sign more contracts during the course of this year.

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EAST GERMANY

A Few Goodies for the Workers

Increased social benefits were announced on April 30 following a joint decision of the Politburo, the Council of Ministers, and the trade union executives. Minimum annual leave for all working people will be increased from 15 to 18 days, and workers on rotating shifts will receive 21 days of leave next January 1. Furthermore, working and living conditions will be improved at the beginning of 1975 for night shift and assembly workers. There will also be wage increases (amount unspecified) for about 500,000 workers. In addition, outstanding work performances will be rewarded with bonuses beginning this October. In a move to appeal especially to women, substantial price cuts as of July 1 were also announced on goods made of dederon and polyester fibers. The regime stressed that these measures became possible as a result of the initiative of the working people. Dederon panty hose will on the average be reduced by 30 percent.

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